

Venture Into the Restaurant Business

Entrepreneurs looking to venture into the restaurant business have long been told that roughly 90 percent of restaurants fail within their first year of operation. However, while that was once a widely accepted statistic, it's not nearly close to being true. In fact, research suggests the figure is far closer to 60 percent, and that's after three years, not one. H.G. Parsa, an associate professor in the Ohio State University's Hospitality Management program, had heard enough of the "90 percent" talk to do some research of his own as to the validity of the number. What Parsa found was that roughly 1 in 4 restaurants close or change ownership within a year of opening. The number rises to 3 in 5 (60 percent) after three years. Parsa was inspired by an



American Express commercial that quoted the infamous (and, apparently, false) statistic. He then examined Health Department turnover records of over 2,500 restaurants in Columbus over a 3-year period. Remarkably, the 60percent failure rate is on par with the cross-industry rate for new businesses, essentially making the restaurant business no more or less risky than any other.

Article Provided by Metro Creative CB07A956